



United Fresh Fruit &
Vegetable Association

Docket Clerk
Fruit and Vegetable Programs
Agricultural Marketing Service
United States Department of Agriculture
1400 Independence Avenue, S.W.
Stop 1400
Washington, D.C. 20250-0243

Re: Comments on Specialty Crop Block Grant Program Proposed Rule
Docket No. FV06-1290-1, 71, FED. REG. 20,353 (April 20, 2006)

To Whom It May Concern:

These comments are submitted by the United Fresh Fruit and Vegetable Association (United). United is the national trade organization that represents the interests of fruit and vegetable growers, shippers, processors, brokers, wholesalers and distributors, working together with their customers and suppliers from field to table.

As the Department is aware, United was intimately involved in the industry's advocacy of the Specialty Crop Block Grants since 2001 when they were first approved as a viable policy tool for the fruit and vegetable industry. This has led to the efforts of the industry in the passage of the Specialty Crop Competitiveness Act of 2004 which authorized the State Block Grant Program and ultimately the passage of the FY2006 Agriculture Appropriation legislation which included \$7 million for the Specialty Crop Block Grant Program. Because of this funding from Congress USDA will now need to develop a set of regulations and begin the implementation process for this important program. We are pleased that the Department has designated the Agricultural Marketing Service (AMS) as the lead agency for this process. It is critical that the produce industry give AMS clear recommendations that help shape the block grant program and set the stage for long-term success of the program.

Overall, United strongly supports an expedited implementation process that will allow for the block grant program to become a viable tool which enhances the long-term competitiveness and sustainability of this important component of the U.S. agriculture community. Further, United believes that a State Block Grant Program will provide a broad range of tools that encourages government investment into not only the fresh fruit and vegetable industry but the broad specialty crop industry as defined in law and allows for flexibility to its participants. At the same time, the Specialty Crop Block Grant program must establish compelling safeguards that ensures program funding will be allocated to the intended stakeholders and in particular will not supersede existing local, state, or federal programs dedicated to the competitiveness of the specialty crop industry.

Since the proposed rule was published, United has been working closely with its Government Relations Council members and the Farm Bill Steering Committee

evaluating the proposed rule and identifying several key areas for consideration. Below are discussion points regarding the proposed rule that we would like the Department to consider while developing their final rule on this important program for the fruit and vegetable industry.

Base Block Grant Funding – Under the proposed rule, the language states that “Subject to the appropriation of funds, each State that applies is to receive at least \$100,000 to enhance the competitiveness of specialty crops.” This language implies that every state would receive \$100,000 as long as the state submitted an application for consideration. United recommends that USDA should require each state to have an approved application prior to the allocation of the \$100,000 base funding for the block grant program.

Defining Competitiveness – One of the major themes surrounding the proposed rule is what programs and projects would be defined as enhancing the competitiveness of the specialty crop industry. The law does not clearly define competitiveness but establishes that the funding under the specialty crop block grants shall be used solely to enhance the competitiveness of specialty crops. Therefore one of the major functions of USDA will be to determine if a project is enhancing the competitiveness of the specialty crop industry. United would strongly recommend that when defining competitiveness that USDA look at projects, through submitted state plans, that utilize the block grant funding in areas such as research, promotion, nutrition, trade enhancement, food safety, food security, plant health programs or other specific means.

Measurement Tools – In a related area to competitiveness, USDA also will be determining proper measuring instrument(s) regarding the impact a particular state project would have on enhancing the competitiveness of the specialty crop industry. USDA could use measurements that analyze consumption data, market penetration/awareness, or increased exports opportunities. On the other hand how would AMS measure food safety, research, food security, or plant health, projects in relations to enhancing competitiveness for the industry? It would seem difficult to measure the immediate impact these areas would have to enhance competitiveness of specialty crops. However, the industry strongly supports these type of programs as they are a critical investment into the long-term infrastructure of the fruit and vegetable industry. United recommends that AMS utilize measurement tools that do not focus just on increased utilization of specialty crops or economic impact but also look at the long-term value of investing in the infrastructure of our industry.

Fresh Priority – USDA has established in its proposed rule that priority would be given to fresh specialty crop projects. It is clear that the law intended for block grants under this program focus on specialty crops as defined by the law and did not give priority to one sector or another. While it is our understanding that the intent of the provision was to ensure that projects focused on the foundation of the specialty crop industry specifically the grower community, the practical application of the language could be construed differently to states as they prioritize block grant projects. United recommends that

block grant projects should be eligible to all specialty crops as defined in the law and does not give priority to one sector of specialty crops over another.

Multi-State Projects – One of the recommendations in the proposed rule allows for states to consolidate their resources to collaborate on a project(s) with one state assuming primary responsibility for the management. United supports this effort for multi-state projects and recommends that AMS needs to work carefully with these states who want to utilize this option.

Project length – The propose rule allows for projects to carry-over up to 3 years in length. United supports the 3 year time frame for certain multi-year projects.

AMS Administration of State Plans – Through the proposed rule states are required to submit to USDA a state plan to show how grant funds will be utilized to enhance the competitiveness of specialty crops. These state plans include multiple information requirements such as project purpose, financial feasibility, goals, project oversight, and project purpose. United continues to be concerned about AMS's interpretation of a state plan and the necessity of AMS to approve each project prior to approval of state plans. The very nature of "block" grants to the states should moderate AMS necessity to evaluate of each specific project that is submitted by a state. In fact United's interpretation of the current law which authorizes audit requirements and the proposed rule which highlights reporting and oversight functions gives AMS ample oversight of states and the projects they proposed. Therefore United recommends AMS to use diligent oversight of the state plans through the reporting, oversight, and audit responsibilities required under the law and the proposed rule in order to determine that states followed their proposals and that the results generally met the standard of "enhancing the competitiveness of specialty crops" in the state. AMS should require each state to submit a proposal showing how they will administer the grants and adequately address key issues like project selection process. Finally, AMS should allow states adequate flexibility and discretion in establishing granting processes and selecting projects that will enhance the competitiveness of specialty crops.

We thank the Department for the opportunity to provide comment on this Advanced Notice of Proposed Rulemaking, and we look forward to working with the Department on this important matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert L. Guenther". The signature is fluid and cursive, with the first name "Robert" being more prominent than the last name "Guenther".

Robert L. Guenther
Vice President, Public Policy